Exhibit
1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
--X
UNITED STATES OF AMERICA, :

PLAINTIFF, :

vs. : CASE NO.
12 CIV 4034

ALL RIGHT, TITLE AND INTEREST IN :
THE REAL PROPERTY AND APPURTENANCES
THERETO KNOWN AS 35-37 EAST BROADWAY, :
NEW YORK, NEW YORK 10002 LISTED AS
BLOCK 280, LOT 42 IN THE OFFICE OF :
THE COUNTY CLERK AND REGISTER OF
NEW YORK COUNTY, NEW YORK, :

DEFENDANT-IN-REM. :
---X

DEPOSITION OF DAMON LEONG, taken by Plaintiff at the offices of the United States Attorney, One St. Andrew's Plaza, Room 638, New York, New York, on February 11, 2013, commencing at 10:45 a.m., before Mary Ellen Raftery, CSR, a Notary Public within and for the State of New York.

A P P E A R A N C E S:

PREET BHARARA
United States Attorney for the Southern District of New York
Attorney for Plaintiff
One St. Andrew's Plaza
New York, New York 10007
BY: ALEXANDER J. WILSON, ESQ.

LAW OFFICES OF CAROL M. LUTTATI
Attorney for Claimant Won & Har Realty Corp.
150 East 58th Street
New York, New York 10155
BY: CAROL M. LUTTATI, ESQ.

HENG WANG & ASSOCIATES, P.C.
Attorneys for Claimant TYT East Corp.
7 Mott Street, Suite 600A
New York, New York 10013
BY: HENG WANG, ESQ.

GALLET DREYER & BERKEY, LLP
Attorneys for Claimant David Gao
845 Third Avenue - 8th Floor
New York, New York 10022
BY: MORRELL I. BERKOWITZ, ESQ.

ALSO PRESENT:

MARCO Da SILVA
Paralegal

IT IS HEREBY STIPULATED AND AGREED by and between the respective parties herein that the filing and sealing of the within deposition be, and the same are hereby waived.

IT IS FURTHER STIPULATED AND AGREED that all objections, except as to the form of the question, shall be reserved to the time of trial.

IT IS FURTHER STIPULATED AND AGREED that the within deposition may be signed and sworn to before any officer authorized to administer the oath with the same force and effect as if sworn to before the Court.

IT IS FURTHER STIPULATED that the transcript is to be certified by the reporter.

D. Leong

D A M O N L E O N G, called as a witness, having been first duly sworn by a Notary Public of the State of New York, was examined and testified as follows:

EXAMINATION BY
MR. WILSON:

Q Good morning, Mr. Leong. Have you ever been deposed before?
A Posed?
Q Have you ever been deposed? Like what we are doing today.
A Yes.
Q Then I won't take too much time. But just a couple general ground rules.

Obviously, I will be asking you some questions today. Your lawyer may object from time to time. If your lawyer tells you not to answer a question, you should not answer that question. Otherwise, if she objects, it's just to preserve the record and you can go ahead and answer.

If at any time you want to consult with your lawyer about something, you should just let me know and feel free to do so. The only thing I will ask is that unless you have a question about whether something is privileged and you shouldn't answer it, I'm going to

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ask you to answer whatever question I've asked before you then talk to your lawyer.

If you need a break at any time, if you want to go to the bathroom, that's fine. Again, just let me know and we'll try and get you out of here as quickly as possible.

Do you have any questions about any of that?

A No.

Q If you don't understand any question that I ask, you should tell me. Just stop me and say, I don't understand, could you ask it in a different way. Anything that you want to clarify, feel free to do so.

Do you understand that?

A Yes.

Q If you don't do any of that, I'm going to assume that you understood my question. Just so you know, that's what the record is going to reflect.

Does that make sense?

A Yes.

Q The last thing, if you nod or shake your head -- you probably heard this before from deposition -- the court reporter can't record it. So I just need you to actually verbally say yes or no, if it's a yes or no

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that you are giving.

A Okay.

Q Where did you grow up, Mr. Leong?

A New York.

Q In the City?

A In the City.

Q And where did you go to school, starting in high school?

A La Salle Academy.

Q Did you go to college?

A Yes.

Q Where did you go?

A St. John's.

Q What did you get a degree in?

A Pharmacy.

Q Do you have any advanced degrees?

A No.

Q And what year did you graduate from St. John's?

A I don't really remember. Back in the 80s.

Q Ballpark is fine.

A Okay.

Q Where did you go to work after you

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graduated?

A Went to Esquire Pharmacy.

Q What were you doing there?

A Pharmacist intern.

Q How long were you there?

A About a year and a half.

Q And where did you go after you left?

A Long Life Pharmacy.

Q And how long were you at Long Life?

A About 25 years.

Q When did you leave Long Life?

A I'm not exactly -- I think about six years ago, five years. Something like that.

Q And what did you do after you left Long Life?

A I ran the Won & Har Realty.

Q And when you came in -- sorry. You said you ran Won & Har Realty. What was your title when you started at Won & Har?

A President.

Q And you've been president since 2006 or so when you left Long Life?

A Yes.

Q Do you do anything else other than your

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job with Won & Har Realty?

A No.

Q This may be obvious. But what are your job responsibilities as Won & Har's president?

A Run the building, collect rent.

Q Does Won & Har do anything except own the building?

A We just a holding company. That's it.

Q Just to be clear, the building you are referring to is 35-37 East Broadway?

A Yes.

Q If I call it "the building," like you just did, you'll understand that that's what I'm talking about?

A We own multiple buildings.

Q So aside from 35-37 East Broadway, what other buildings does Won & Har own?

A 242 Canal.

Q Any others?

MS. LUTTATI: At what time?

Q Let's start with right now.

Presently, aside from 242 Canal Street and 35-37 East Broadway, does Won & Har own any other properties?

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A No.

Q Does Won & Har have any other assets?

A No.

Q Just the two buildings?

A Yes.

Q I would like to shift gears and ask you some questions about Won & Har and the background of that company.

When was it started?

A Back in 1970-something.

Q Who founded it?

A My dad and my mom.

Q Were they the only shareholders?

A No. They also gave shares to the kids. That's me and Vincent.

Q No one outside the family owned any shares of Won & Har?

A No. That's it.

Q And before you took over as president in 2006, was your father running it or -- withdrawn.

Who was running it before then?

A Yes, he was running it.

Q And has Won & Har ever done any type of business aside from owning properties?

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A No.

Q How many properties, aside from the ones you mentioned, has it owned in the past?

A It just owned these two.

Q When did Won & Har acquire 35-37 East Broadway?

A Back in 1970.

Q Okay. 1970, that year, or in the 1970s?

A It's in that ballpark. The exact time I don't know.

Q How about 242 Canal Street?

A That's 1985.

Q Do you know who Won & Har purchased 35-37 East Broadway from?

A I think it was from Cohen. Someone named Cohen.

Q And how about Canal Street?

A I think they bought it from Citibank. I think.

Q Was there a mortgage on 35-37 East Broadway when they bought it?

A I don't understand that question.

Q Sorry. Did they pay for the whole building in cash at the time or did they borrow money to

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buy it?

A No. They borrowed money.

Q Do they still owe any money on the building?

A No.

Q Sorry. Does Won & Har still owe any money on the building?

A No.

Q How about Canal Street?

A No.

Q Was there -- they borrowed money at the time?

A Yes.

Q It's all paid off?

A Yes.

Q When they first bought 35-37 East Broadway, do you know what type of building it was? Residential, commercial?

A Commercial.

Q And who ran it?

A My dad.

Q Did he lease out -- he rented out the individual spaces in the building?

A Yes.

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D. Leong

Q How long did your dad or anyone else from Won & Har directly rent the individual units in 35-37?

A I don't understand that question.

Q Your dad would -- withdrawn.

Currently TYT East has a Master Lease on the property, right?

A Yes. Triple Net Lease.

Q So TYT is leasing out the individual units to subtenants?

A Yes.

Q Prior to TYT having that Master Lease, was there someone else who had a similar lease?

A No.

Q Prior to TYT taking over, Won & Har itself rented out each unit?

A Yes.

Q How about Canal Street? How did the units get rented there?

A It was a Triple Net Lease originally.

Q And who -- is it still a Triple Net Lease now?

A Yes.

Q It's always been a Triple Net Lease?

A It started out as a Triple Net Lease.

D. Leong
Q And it stayed that way from 1985 until today?
A Yes.
Q Who is the lessee on the Triple Net Lease on Canal Street?
A It's 242 Canal Street. It's called 242 Canal Cafe.
Q 242 Canal Cafe?
A Yeah.
Q Has it always been 242 Canal Cafe or has that changed?
A That recently changed.
Q What type of building is that? What size?
A It's small.
Q Just the size of a restaurant, basically?
A It's one floor.
Q So is there just one tenant at any given time?
A Yes, only one tenant.
Q And were there ever any subtenants?
A No.
Q Now, before TYT East took over a Master Lease on the property, you were president, correct?

D. Leong
A Yes.
Q And how long were you running the company before you entered into that Master Lease?
A About two to three years.
Q And during those years you were in charge of renting out the individual units?
A We had tenants already. So we just collect rent.
Q Did you have any new tenants during those periods?
A No.
Q So it was the same tenants when you took over until TYT East came in?
A Yes.
Q How many tenants did you have?
A About three, three or four. Something like that.
Q So there were only three to four tenants in the property?
A Yeah. There were some vacancies.
Q Do you remember who those tenants were? Well --
A No, I don't.

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MR. WILSON: I'm going to mark -- I will give you all a copy -- as Government Exhibit 1 what is the lease between Won & Har Realty Corp. and TYT East Corp.
(Whereupon, the above-referenced document was marked as Government's Exhibit No. 1 for identification as of this date.)
Q I will give you this copy to look at and I'll ask you to turn to page -- well, if you go to page 26 then go to the very next page after 26 which does not have a page number at the bottom.
A Okay.
Q You see that there is a list of tenants on this?
A Yes.
Q Are these the people who were tenants at the time TYT took over?
A Yes.
Q These were the only tenants that were in the building?
A Yes.

D. Leong
Q And these are the only ones who were tenants from the time you became president until the time TYT took over the building; is that right?
A No. There were some that left.
Q Okay. Do you remember how many -- well, let me ask it this way:
When did these other tenants leave? At the time TYT took over or earlier?
A Earlier.
Q And how many of them were there who left after you took over as president?
A I think about three, three or four.
Q So there were three who were still there?
A Yeah.
Q And three to four left from when you took over --
A Yeah.
Q -- to when TYT took over the Master Lease.
A Yeah.
Q Do you remember the names of any of those tenants?
A No.
Q How much rent were they paying, do you

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recall, before TYT took over?
A No, I don't. I would have to look that up.
Q Do you have a general sense of how much revenue the building was bringing in?
MS. LUTTATI: What time period?
Q Before TYT took over. In the period -- well, I'll clarify that.
From when you took over as president to when TYT took over the building, do you remember how much revenue the building was generated for Won & Har?
A No, I don't.
Q How did you first become aware of TYT East as an entity?
A My lawyer contacted me.
Q Which lawyer was that?
A Dean Fong.
Q And what did he tell you about --
MS. LUTTATI: Objection.
Attorney/client privilege.
Q Was the purpose of this conversation with Mr. Fong for advice about a litigation?
Just answer exactly that question. Don't volunteer anything.

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A I don't understand that.
MS. LUTTATI: Objection. We're not going to get into conversations that he had with his attorney. I'm directing him not to answer those questions.
MR. WILSON: Well, just to make the record clear, and maybe you can talk with him offline and see if it changes anything when we have a break, it sounds like this is a conversation about a business matter and how he first met with the people who became the Master Lessee. I don't see how that would fall within attorney/client privilege, unless there is anything about the conversation that is not obvious on the surface. But we can move on and we will come back to it after you had a chance to talk to him.
Q Subsequent to having whatever conversation you had with Mr. Fong, did you do anything relating to TYT East?

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A I don't understand.
Q Ultimately TYT became the -- entered into a lease with Won & Har, right?
A Yes.
Q How did that happen? Walk me through how you came to enter into that lease agreement.
A They negotiated the lease with my lawyer.
Q Were you looking for someone to take over a lease at the beginning of this process?
A Yes.
Q And that was before you heard anything about TYT East or once you became aware of their potential interest?
A I don't understand that either.
Q Okay. Prior to you ever hearing about TYT East, before you ever heard of them, were you actively seeking someone to lease the building?
A Yes.
Q When did you start doing that? When did you start looking for someone to lease the building?
A About a year before TYT lease signing.
Q And why were you doing that?
A We didn't want to renovate the building. That's the thing.

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Q You didn't want to renovate the building?
A No.
Q And why would you have needed to renovate the building if you didn't find someone to lease it?
A It was old. It needed to be renovated to be rented out.
Q And you didn't want to do that?
A We didn't want to take the loan to do it.
Q Walk me through. You didn't want to renovate the building. So instead you tried to find someone who would renovate it themselves. Is that the concept?
A Someone came up and offered us a Triple Net Lease that's not TYT.
Q Who was that?
A I don't remember.
Q Do you remember anything about it? Was it a company, a person?
A They just came up, we negotiated, but it didn't work out.
Q Was it a person you were negotiating with, an individual? Was it a company?
A It was a person.
Q So a person approached you personally or

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someone else at Won & Har?
A It approached us, Won & Har.
Q With the idea of taking a Triple Net Lease?
A Yes.
Q I know you already said you don't remember. But I'll ask you to think again for a moment. Are you sure you don't remember about who that was?
A No, I don't.
Q How did they come to think of you? Do you remember anything about the circumstances of them approaching you?
A No.
Q Do you remember what terms they were offering?
A It was similar to the TYT's lease.
Q In terms of the rent they would pay as well or just in terms of the structure?
A I don't understand that one.
Q You said it was similar to the TYT lease, right?
A Yeah.
Q What was similar about it?
A The 20-year Triple Net Lease.

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Q Do you remember what rent they were offering to pay?
A No, I don't.
Q Why didn't it work out?
A Some of the terms didn't work out.
Q Which terms didn't work out?
A They wanted to use it for certain uses that weren't going to be used for.
Q What were those uses?
A Like a hotel or something like, you know.
Q Just to make sure, when you say like a hotel, was it a hotel they wanted to use it for or something similar to a hotel?
A They wanted to put some residencies in the building which we don't want to do.
Q When you say residencies, rental units?
A Rental units.
Q They wanted to make it a residential building?
A No. Like mix.
Q Why didn't you want to do that?
A Because it was a commercial building.
Q And what was the implication of that?
A We don't want to deal with residents. We

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don't own any residential.
Q Can you just explain why it is -- what were the reasons why you didn't want to deal with residents?
A We just don't want to. That's the reason. We just commercial. We just do a commercial business.
Q My understanding, though, is this would be a 20-year Triple Net Lease, right?
A Yes.
Q So the lessee would be in charge of taking care of all of the issues that would arise with the subtenants, right?
A Yes.
Q And they would pay whatever rent it was they were going to pay, right?
A Yes.
Q So why did you care if they were dealing with residents rather than commercial businesses?
A We only deal in commercial properties. We don't want to get into residential properties.
Q I understand you said that, sir. It may just be me.
Sorry. Please, finish your answer.

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D. Leong
A No. Go ahead.
Q Could you just explain to me what the reasons are why you don't want to deal with residential businesses?
A We just don't want to.
Q Obviously, your reasons are what they are. But are you just telling me there is nothing else you can articulate or explain to me for why you don't want to deal with residencies beyond just that you don't want to?
A We just don't want do. That's it.
Q Are there any records anywhere that Won & Har has about the deal that was proposed in negotiations?
A No.
Q Is that because you got rid of them at some point or there never were any documents?
A I don't understand that.
Q Were there ever any documents that reflected the terms of this proposed deal?
A No.
Q It was totally a verbal conversation. You just spoke to them about it?
A Yes.
Q Is there any document that Won & Har has

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anywhere that would tell us who this potential lessee was?
A No.
Q Is there anyone else you can think of who would remember who the potential lessee was?
A No.
Q After you had this initial conversation, how long was it between when they proposed it to you and when you decided the deal couldn't be done?
A I don't understand that either.
Q This person approached Won & Har about a potential Triple Net Lease, right, and you discussed it with them?
A Yes.
Q And you decided that it wouldn't work because they wanted to include residential properties.
A Yes.
Q How long was it from when they proposed it to when you decided that it wouldn't work?
A About a week or two.
Q And that was about a year before TYT East's Triple Net Lease?
A Yes.
Q What's the next thing that happened with

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respect to the idea of having a Triple Net Lease?
A I don't understand that.
Q After you finished your discussions about the lease with this person, did you talk to anyone else about having a Triple Net Lease?
A No.
Q The next person you talked to was TYT?
A Yeah.
Q Did you do anything to try and find someone to enter into that lease before TYT?
A No.
MR. WILSON: Come in.
Why don't we go off the record for one second.
(Pause.)
(Mr. Berkowitz entered the hearing room.)
MR. WILSON: We can go back on.
BY MR. WILSON:
Q Just to clarify one last thing before I move on, sir, you said that there isn't anyone else at Won & Har who would know who the person who approached you with the Triple Net Lease idea was, right?
A Yes.

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D. Leong
Q Is there anyone who might know anything about the terms of the proposal?
A No.
Q How about Mr. Fong? Do you know?
A I might have talked to him about it. But exact terms, no.
Q Were they ever formalized in any way?
A No.
Q So between the time when you finished your discussions with that person and when you got whatever communication it was from Mr. Fong about TYT East, did anything happen with respect to leasing the building?
A I don't understand.
Q At the end of the process you leased the building to TYT East?
A Yes.
Q And the first time you thought about doing a Triple Net Lease was when this person approached you about a year before?
A Yes.
Q After you stopped talking to the person about that deal, was there anything else that you did to find someone to lease the building?

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D. Leong
A No.
Q The next thing that happened that related to a lease of the building was Mr. Fong got in touch with you about TYT East?
A Yes.
Q I think you said earlier that Mr. Fong negotiated the lease with TYT East?
A Yes.
Q That was at your direction?
A Yes.
Q Did you ever talk to anyone from TYT East?
A No.
Q What did you know about TYT East?
A I don't know them.
Q Did you know anything about the company?
A No.
Q Do you know what they do or what their business is?
A No.
Q Do you know who any of the people are who work there?
A No, I don't know them.
Q So you decided, I take it, that you

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wanted to lease the building to TYT East, right?
A Yes.
Q Why?
A They met my terms.
Q And what were those terms?
A It's in the lease.
Q Well, the lease has all the terms of your agreement with TYT, right?
A Yes.
Q What terms were important to you?
A The rent and, you know, and all the terms in the lease.
Q Well, you just said, sir, the reason that you agreed to do a lease with TYT was because they met your terms.
A Yes.
Q Were all the terms in the lease ones that you required that you had written out in advance?
A My lawyer negotiated it.
Q So what were the ones that mattered to you?
A Rent.
Q Anything else?
A And the 20-year lease. That was the

D. Leong

thing.
Q Why did you want it to be a 20-year lease?
A So I wouldn't have to worry about it for the next 20 years.
Q How much rent were you looking to get before you started the process?
A We were looking to get about a million dollars a year.
MR. WANG: I'm sorry. A million dollars?
THE WITNESS: Yes.
Q Just to be clear, one million dollars a year is what you wanted to get?
A Yeah.
Q Was that more or less than you were getting while you were renting it out on your own?
A It was more.
Q About how much more?
A I'm not sure because we have vacancy at that time.
Q Right. And I understood you to say earlier that you don't recall exactly how much revenue the building was bringing in.

D. Leong

A Yeah.
Q You have a sense, though, of how much the building was bringing in before the lease with TYT?
A It was very small amount. It wasn't reaching its capacity.
Q So ballpark. No one is going to hold you to how close you get. But about how much money were you making before TYT took over the lease?
A About 19,000 a month, I think.
Q So about 350 to 400 a year?
A Yeah.
Q And that was the term you proposed to -- well, you never spoke to anyone at TYT in this process?
A No.
Q So those were the terms you had Mr. Fong convey to TYT?
A Yes.
Q Any issues other than the rent and the 20-year lease come up during the negotiations of the lease?
A No.
Q You told that to Mr. Fong and Mr. Fong came back with a lease and that was your only involvement. Is that --

D. Leong

A I don't understand.
Q You said that Mr. Fong negotiated this deal with TYT for you.
A Yes.
Q What involvement, if any, did you have in negotiating this deal?
A Mr. Fong did the negotiating and he would come back and tell me.
Q Aside from just bringing you a final agreement, did he ever come back with a proposal from TYT that you didn't accept?
A I don't remember that.
Q Do you remember anything happening in the course of this being negotiated other than Mr. Fong just bringing you back the final agreement?
A I don't remember either.
Q Let me just ask you to turn I think it is back one -- back two-pages to page 25.
So this is the agreement on the rent that would be paid each year under the lease, right?
A Yes.
Q And it starts out the very first year at 370,000 and goes at the end to about 1.6 million; is that right?

D. Leong
A Yes.
Q And just to be clear, when we talked about it earlier, you said about 350 to 400 a year is what you think ballpark you were getting before the lease was entered.
A Yes.
Q Now, you'll note that we start off obviously small and we rapidly get higher. Year six it goes up to 900,000.
A Yes.
Q That's not quite double what he is paying in year two but it's pretty close, right?
A Yes.
Q And you'd only been getting 350 to 400 a year beforehand, right? You just said that. So how did you envision that they were going to be able to make so much more money out of the building than you were making?
A They would convert it over to office space.
Q What was it before there was any conversion?
A Factory loft.
Q Factory and loft space?
A It's a factory loft. Sewing factory.

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Q So prior to the lease the space was essentially -- well, let me step back.
It wasn't being used as a sewing factory, obviously, right?
A I don't understand.
Q You just said it was a sewing factory space.
A Where they have garments. Where they sew garments. That's what they did. It was four individual tenants.
Q Did each tenant have a full floor?
A Yes.
Q You said there were how many -- I think we already covered this earlier.
There were three tenants at the end when you entered into the lease, right?
A Yes.
Q And you think there were three to four that had left earlier?
A Yes.
Q And each one had its own I guess -- and there's six floors in the building?
A Yes.
Q So each had its own -- so one floor would

D. Leong
have been split at one point, if there were seven tenants at one stage?
A No. The first floor was split.
Q So each side of the first floor and then each floor going up, total of seven tenants?
A Yeah.
Q And he was going or TYT East was going to convert the space into individual offices?
A That's what they said.
Q How did you find that out?
A That's what they said. They said they would convert it into office space.
Q But who said it?
A Connie Chan.
Q Who is Connie Chan?
A She ran the place. She's the manager.
Q And who did she tell that to; that they were going to convert it into office space?
A They told me.
Q When did she tell you that?
A When we signed the lease, you know.
Q My only confusion, sir, I thought you told me a couple of times that you didn't talk to anyone at TYT during the process. So you talked to Connie Chan

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while the lease was being --
A When we signed. We were in the office when it was being signed.
Q Who else was there when you signed the lease?
A There were several other TYT people. I don't know who they are.
Q Do you not remember who it was or you've never known who those people were?
A I didn't know who they were.
Q Do you know who they are now? Looking back on it, have you learned since who they are?
A No, I don't.
Q How did the conversation about the conversion to office space come up?
A They would just submit a plan on what they are going to do with the building. So they told me they going to convert it to office.
Q When were they supposed to submit this plan?
A When they have it ready, you know.
Q Before you were signing the lease or after the lease?
A After, you know.

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Q So at the time that you entered into the lease, you hadn't seen the plan?
A No.
Q So that -- and again, I apologize. I'm sure that it's my fault. When you decided to enter this lease and when this rent was set, you didn't know they were converting it into office space, right?
A I don't understand you.
Q You said that you found out when you were signing the lease that they planned to convert the building to offices.
A Yes.
Q You agreed to the terms of the lease before that?
A Yes.
Q Okay. So when you agreed to the terms of the lease, you hadn't heard this office space plan?
A No.
Q So before you had that conversation, why did you think they were going to be able to make so much more money from the building than Won & Har was?
A Because you convert it into office space, they would get more dollars per square footage.
Q Right. But you just told me, sir, that

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you didn't know, when you entered into these terms, that they were going to convert it to office space.
A Yes. I didn't know. But you can convert it from anything from the loft because the loft were very low rent.
Q What did you think they were going to do when you agreed to the terms of the lease?
A I didn't understand that now.
Q Sir, you just told me that at the time that you signed the lease you found out what their plan was.
A Yes.
Q You didn't know what their plan was before?
A No.
Q But you entered into a lease with them because you wanted to get this amount of rent.
A Yes.
Q So you thought, before you entered into the lease, about whether they would be able to deliver this rent, right?
A Yes.
Q It mattered to you whether or not they could actually pay you this amount of rent or whether

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they were not going to be able to pay you the rent, right?
A Yes.
Q So what did you think in advance of doing the lease they were going to be able to do to quadruple the amount of money you would make?
A Change it over to office space so they could easily make the rent, you know.
Q So you thought, even though no one had told you, that they were going to convert it to office space?
A Yes. Because most people were converting their buildings in Chinatown to office spaces.
Q How did you calculate that they would be able to pay 1.6 million a year?
A That's 20 years from now. So...
Q What was your thinking?
A With depreciation and everything and the way the real estate market goes up, it should, it should be able to make it.
Q What analysis did you do before entering into the lease?
A I didn't do any analysis. Just by experience, you know. That's all I had.

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Q Did anyone from Won & Har do any analysis to determine whether these rents were realistic?
A Well, my lawyer was the one who negotiated the dollar figure. So...
Q Did your lawyer tell you that he had done some analysis?
A I don't know that. I don't know.
Q Why don't you tell me everything that you know that was done by anyone on behalf of Won & Har to evaluate the rent amounts and what they should be, what they would be. Anything you can think of. What did Won & Har do before entering into this lease?
A Market value at that time was $40 a square foot. I know that. And office space was $100 a square foot.
Q The market value for what then was $40 a square foot -- $100 square foot is office, right?
A No. $100 a square foot was for the stores.
Q Let's start here.
What are the numbers you were using when you were evaluating this?
Let's start -- well, start wherever you want.

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D. Leong

Hundred a square foot is?
A For the two stores.
Q And the two stores are on the first floor?
A Yeah.
Q And how many square feet are the two stores?
A It's 50 by 100 lot.
Q And upstairs, how much per square foot?
A It would be $40.
Q And how big are those? How big are the upstairs spaces?
A It would be the same size as the store.
Q The entire floor was unpartitioned at the time you leased it?
A Yeah.
Q We'll do the math later.
What conclusions did you reach based on that -- well, where did you get the square footage numbers at the time?
A That's what I saw on the website, on the web. We just put them.
Q So you did a web search to determine what the going rate was for square footage for stores and for

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D. Leong

loft space?
A Yeah.
Q You personally did that?
A Yeah.
Q Do you remember what website you went to?
A No, I don't.
Q Is that for Manhattan, for New York, for --
A For Manhattan.
Q Anything else that you did?
A No.
Q Anything else that you know anyone did for Won & Har?
A No.
Q Did anyone do any due diligence and check out TYT?
A I don't understand by that.
Q You said that you didn't do anything about TYT East, right?
A Yes.
Q Did you do anything to find out about TYT East?
A No. No. I don't understand.
Q Sure. Let me try again.

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You were about to go into business with TYT East.
A Yes.
Q And what percentage of Won & Har's revenue came from 35-37 East Broadway?
A Large percentage.
Q More than 50?
A Yeah.
Q More than 75?
A About that.
Q So 75 percent of your revenues were now going to be coming from a business relationship with TYT East, right?
A Yes.
Q And at the beginning you didn't know anything about that company?
A No.
Q You didn't know who ran it, right?
A No.
Q Do you know if they had any experience running buildings?
A No.
Q Do you know if they had ever run a building before?

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A No.
Q Do you know if they declared bankruptcy before?
A No.
Q Do you know if they had broken contracts before?
A No.
Q Did you know if they had been arrested, the principals had been arrested before?
A No.
Q Did you know if they engaged in illegal activities of any kind?
A No.
Q So once a proposal was made to you to have TYT East take over the building, what did you do to find out any information about TYT East?
A It was a new corporation that was formed at the time. They didn't have, you know --
Q Okay. So that's something you did know about TYT East. That's what I'm asking.
You knew it was a new corporation?
A I think so.
Q Did you know it was a new corporation?
A I'm not sure. Okay. I don't know.

D. Leong

Q I'm only asking because you just said it. So that's the only reason.

At the time what did you know about TYT East?

A I didn't know them.

Q Did you know anything about -- it's totally possible that I'm the one who's at fault here. So let me try again.

When I ask you what you knew about TYT East, if you knew that it was a new corporation that had been formed recently, that's something about TYT East. I'm asking for any facts, any information, anything you'd heard, anything about TYT East that you knew beyond the fact that that was the name of the company. So let me start again.

What at the time you negotiated this -- well, withdraw that.

At the time this lease was signed, up to that point, what did you know about TYT East?

A I didn't know anything.

Q You just knew it was called TYT East and that was it?

A Yeah.

Q And if I understand you right, you didn't

D. Leong

do anything to try and learn about TYT East before signing the lease?

A Yeah.

MS. LUTTATI: Other than having counsel.

Q Do you want to clarify? You can expand your answer.

A Yeah. I had my lawyer. My lawyer looked at it.

MR. WILSON: Can we go off the record for one second?

(Off the record discussion.)

MR. WILSON: We can go back on. Thank you.

BY MR. WILSON:

Q Let's try this again because it may be that there's some lack of clarity.

What if anything did you personally do to find out more about TYT East Corporation prior to the lease being signed?

A I let my lawyers do it.

Q So we'll come to your lawyer in a second. You personally didn't do anything?

A No.

D. Leong

Q Aside -- and this lawyer is Mr. Fong; is that correct?

A Yes.

Q Aside from Mr. Fong, did anyone else working with Won & Har do anything?

A No.

Q Now, did you direct Mr. Fong to do anything to investigate TYT East?

A I left it up to him. I trust him.

Q Did you ask him to investigate TYT East or are you saying that you trusted him to do whatever was appropriate?

A I trusted him to do what was appropriate.

Q Did you have a conversation with him about investigating TYT East at any point?

A No.

Q Do you know for a fact whether he did anything to investigate?

A I have no idea.

Q That's something we would need to ask Mr. Fong; is that right?

A Sure.

Q Would anyone else know is what I'm asking besides Mr. Fong?

D. Leong

A No.

Q Did you have any requirements that you conveyed or told Mr. Fong about who you would enter into a lease with?

That's a terrible question. I withdraw it. I'm sorry.

MR. BERKOWITZ: It wasn't horrible.

MR. WILSON: There have been better, there have been worse. But let me go a different way.

Q You said earlier that there were a couple of things that concerned you about any deal you would enter into. I think one of them was the rent, right?

A Yes.

Q And one was that it be for 20 years, the lease.

A Yes.

Q And from the discussion of that earlier proposal, I know that one of them was that there not be residential use.

A Yeah.

Q Was there anything else that was important to you in how the property was leased?

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D. Leong
A That there's nothing illegal happening there.
Q Is that something that you told Mr. Fong?
A Yes.
Q You told Mr. Fong that you didn't want anyone who would do anything illegal?
A Yes.
Q Anything else?
A No.
Q There is nothing that you conveyed to Mr. Fong about the type of person or company you wanted to do business with?
A Well, of course, we want someone who is good, you know. Just common sense.
Q Is it common sense you trusted Mr. Fong to have or is that something you conveyed to him in some way?
A I did convey it to him.
Q You told him that you wanted someone -- well, don't let me tell you.
What exactly, as best you can recall, did you tell Mr. Fong you wanted in a lessee?
A That he would be able to pay the rent and he would be a good tenant.

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D. Leong
Q Did you say anything beyond that he would be a good tenant? Did you explain that in any way?
A No.
Q And did Mr. Fong tell you anything about TYT's ability to the pay rent?
A No.
Q Did he tell you anything about why he thought they would be a good tenant?
A No.
Q Did he tell you that he thought they would be a good tenant?
A Yes. He said they would be a good tenant.
Q And just to make sure that I'm totally clear, you relied entirely on that statement from Mr. Fong in choosing to agree to have TYT be the lessee?
A I don't understand that.
Q You didn't know anything about TYT East. We covered that, right?
A Yes.
Q And Mr. Fong didn't tell you anything about them that would explain why he thought they would be a good tenant.
A Yes.

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D. Leong
Q He just said that he thought that they would?
A Yes.
Q And he said he thought they would be able to pay the rent?
A Yes.
Q And he didn't tell you about their plans for the property?
A No.
Q So in deciding to enter into the lease with TYT East, you were just taking Mr. Fong's word for it that they would be good?
A Yes.
Q And you don't know how he reached that conclusion?
A No, I don't.
Q Did Mr. Fong come up with the numbers for the annual rent or were you involved in that conversation?
A It was negotiated.
Q What was the starting point that you guys proposed?
A I don't remember.
Q Were you involved in the discussion about

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D. Leong
that or did you leave it up to Mr. Fong?
A I left it up to Mr. Fong.
Q So your direction to him was what about the rent level that you wanted?
A We were looking for about $20 million for 20 years.
Q And you told that to Mr. Fong?
A Yeah.
Q Anything else that you told him beyond I would like $20 million over 20 years?
A No. That's it.
Q I apologize because I haven't done the math. Do you know if this $20 million over 20 years was agreed to?
A No. It's more.
Q More than $20 million.
A Yeah.
Q Let's talk more about the meeting you had where you signed the lease.
You said Connie Chan was there.
A Yes.
Q How many other people from TYT?
A I think like maybe three.
Q Men or women?

D. Leong

A I'm not sure. I think might have been a mix. I'm not sure.
Q And what was discussed about -- well, what was discussed at that meeting, aside from just the signing of the lease?
A It was just the signing.
Q You said Miss Chan told you about their plan to convert the property to office space, right?
A Yeah.
Q What did she tell you about that?
A She just said they plan to make it into an office building. That's it.
Q Any details about it?
A No.
Q Did she tell you when they were planning to do it?
A No.
Q Told you nothing else about it, just that they were going to convert it to an office building? That's it?
A Yes.
Q Anyone else contribute to that conversation?
A No.

D. Leong

Q Did you discuss anything else at that meeting?
A No.
Q Did you ask any questions about their plan?
A No.
Q You weren't interested in what they were going to do?
A They had use of the whole building. That's what they wanted.
Q What they were going to do was going to determine whether you could get the rent that you asked for, right?
A That would be their problem, then.
Q Well, you wanted the rent, though.
A If they can't pay it for it, I would take it back, then.
Q So you didn't really care whether they were able to actually live up to the lease or not?
A No. They could live up to the lease agreement. I felt that they could live up.
Q Why did you think that?
A I just felt it, you know. It's a fair rent.

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Q Other than it being a fair rent, was there any reason you thought they were going to live up to the terms of the lease?
A No.
Q Prior to taking the lease, you hadn't been able -- and by -- sorry. Won & Har had not been able to get that much money out of the building, right?
A No. It's a totally different building.
Q Well, it's the same building.
A It's the same building but would be different use.
Q But they were going to have to pay to convert it to the different use.
A Yes.
Q Which is exactly what you hadn't wanted to do.
A No.
Q So why did you assume that they would be able to do it with no problems?
A Because we gave them -- the first five years, the rents are much lower. That's why. It gives them a chance to payoff their loan.
Q Sir, after the first year the rent is higher than you were making from the building, right?

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A Yes. But the next four years it stays the same without any increases at all.
Q So if it was so easy to do this and you didn't have to worry about whether they could, why didn't you do it yourselves?
A I don't want the hassle doing it.
Q So you figured essentially anyone could do it; it would just be a hassle?
A Yes.
Q Was there any payment made by TYT at the time of the lease when they signed it?
A Security deposits.
Q And how much was the security deposit?
A Three hundred something thousand.
Q No other payment was made at the time?
A No.
Q No signing payment, nothing like that?
A No.
Q And under the terms of the lease, in addition to the rent, TYT was also responsible for some other incidental payments, right?
A I don't understand.
Q It may be easier if I show you a document. Hold on one second.

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MR. WILSON: I'm marking Government Exhibit 2 which is an invoice No. 1020 dated June 30, 2010 from Won & Har Realty Company -- excuse me -- Won & Har Realty Corp. to TYT East Corporation.

(Whereupon, the above-referenced document was marked as Government's Exhibit No. 2 for identification as of this date.)

Q Take a moment to review that. Let me know when you've had a chance.
A Sure. No problem.
Q This is an invoice Won & Har sent to TYT, right?
A Yes.
Q Related to the lease on the building?
A Yes.
Q Just looking, if you will, at the "Bill To" section right below TYT East and its address, there's the rent, right?
A Yes.
Q And then there's some other charges.

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A Yes.
Q Property taxes, insurance and water and sewer charges.
A Yes.
Q TYT was responsible for those under the terms of the lease, right?
A Yes.
Q Were there other expenses associated with the building that TYT wasn't responsible for?
A They were responsible for everything.
Q So Won & Har had no responsibilities for paying for anything with respect to the building under the lease?
A Yes.
Q Basically, the property taxes would be covered, the insurance would be covered, utilities would be covered, right?
A Yes.
Q And so the rent was essentially just pure profit to Won & Har?
A Yes.
Q Now, my understanding, sir, is that TYT East is currently behind on the rent; is that right?
A Yes.

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D. Leong

Q When did they first stop paying their rent?
A March -- no. February.
Q February of 2012?
A Yeah.
Q So through February of 2012, Won & Har paid everything -- sorry -- TYT East paid everything it owed Won & Har?
A I don't understand.
Q Up until February 2012, TYT East paid all its bills to Won & Har?
A I still don't understand.
Q So each month you'd send out an invoice like that?
A Yes.
Q Until February 2012, Won & Har has been paid for all of them?
A Yes.
Q TYT East is current through February 2012 on everything it owes?
A No. They also had a court case and they made other payments also, another 200,000.
Q Up to February 2012, they fully paid, right?

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A Yes.
Q And then there's some additional money they paid since?
A Yes.
Q Now, how do you collect rent?
A I would call them and go there and pick it up when it's ready.
Q First of the month or was there another time?
A Whenever they have the money ready.
Q Would they call you to let you know they had it ready or you'd just check up on them?
A I would check on them; they would call me sometimes. Combination.
Q Who were you talking to?
A Connie Chan.
Q Anyone else or just Connie?
A Just Connie.
Q Do you happen to remember the number that you called?
A No, I don't have it off my head.
Q And when you found out that they had the money, you said you would go and get it?
A Yes.

D. Leong
Q You personally?
A Yes.
Q Anyone else ever go?
A No.
Q Where did you go to collect it?
A I would go to their office.
Q And that's in the building?
A Yes.
Q And I think it's changed over the time that they have been there, where the office is, right?
A Yes. They moved around.
Q Which -- do you remember any of the suite numbers that you went to?
A The last one was 605.
Q And when was the last time that you went to collect a rent check there?
I'm sorry. Let me step back.
Did they pay by check or --
A Check.
Q When was the last time that you went to collect a rent check?
A I think -- it was March, I think. Yeah.
Q And were you going every month at some point to get the check?

D. Leong
A Yes.
Q Do you remember any other offices that they had other than 605?
A Exact room number, I don't know.
Q How about floors?
A They've been in most of all their floors. Fourth floor, fifth floor, third floor.
Q Do you have any recollection of when they were where?
A No.
Q Just that 605 was the last one?
A Yes.
Q And how long had they been in 605? Do you remember?
A I think -- that was since November, I think.
Q November of 2011?
A Yes.
Q And I know you've already answered. I'm just going to see if it jogs your memory.
Do you remember where they were right before they moved to 605?
A I think it was somewhere in the fifth floor.

D. Leong
Q Do you remember how long they were there, on the fifth floor?
A I don't know exactly. Several months.
Q Do you remember where they started, when they first moved in?
A It was across the street in a basement.
Q Across the -- not in the building?
A Not in the building.
Q When did they move into the building? Do you remember that?
A I think about six months, eight months after construction.
Q When was the construction?
A After they signed the lease.
Q So was it six to eight months after they signed the lease or was there a construction period and then six to eight months?
A No.
Q Sorry. Why don't you just walk through -- in your own words, just walk me through from when they signed the lease, what construction was done.
A They signed the lease. They had tenants that they have to remove before they could start construction. And that took several months. And then

D. Leong
they started construction.
Q How did they remove the tenants?
A I don't know.
Q These are the tenants who were listed in the lease that were there before?
A Yes.
Q And that was several months?
A Yes.
Q And then they started construction?
A Yes.
Q And how long was the building under construction?
A It's always been under construction.
About six to eight months, I think, the initial one.
Q When did they have tenants in again after the construction started?
A Oh, I don't know.
Q Well, let me ask you this way:
When was the first time you knew that they had tenants in the building again?
A I don't remember.
Q Well, tell me when the first time you remembered that there were tenants was?

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D. Leong

A Maybe about a year and a half or so after the signing of the lease.
Q The lease was signed in December 2008?
A Yeah.
Q So a year and a half, December 2009. Middle of 2010?
A I'm not sure. It's a guess.
Q I understand. Let's start here.
Was it in 2009? Could it have been then or is it definitely 2010?
A It could be somewhere around there. I'm not sure.
Q When you went to collect the rent checks, did you see anyone there other than Connie Chan?
A No.
Q She was the only person who was ever in the office when you went?
A She was the only one that spoke English.
Q Forget who you spoke to for a second. Was there anyone else who you saw when you went to collect the rent?
A No. She would be in the morning. She would be there by herself in the morning.
Q You always collected the rent in the

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morning?
A Yeah.
Q What time -- well, was there a particular time?
A About ten.
Q Any particular reason why you did it that way? Just convenient for you?
A I'm a morning person. I'm up at five. So...
Q Did you talk to Miss Chan when you went to pick up the rent?
A No. I just picked up the rent and that was it.
Q You didn't say hello, good morning?
A Yeah, I said hello. But you know, that was it.
Q So you'd say hello. You took your check. And never had a conversation more substantive than that?
A No. Well, I don't remember.
Q As best you recall.
You don't ever recall having a conversation with her that went beyond --
A No, I wouldn't have a conversation with her, you know.

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Q Why not?
A I just don't, you know. I don't see a reason why, you know.
Q You weren't interested is how they were doing with the building?
A Well, I'm getting my rent check, right.
Q So as long as you were getting your rent check, you didn't care what was going on with the building?
A No.
Q No, you didn't care as long as you were getting your rent check or -- sorry. My question may have been ambiguous.
If you were getting your rent check, did you care what was going on, what they were doing?
A Yes. If it's something illegal, of course.
Q Okay. Regardless of whether you cared if there was something illegal going on, you weren't interested in talking to Miss Chan about what they were doing with the building?
A They negotiate to have rights to do what they want with the building.
Q I understand. They had the right to do

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D. Leong

whatever they wanted with the building, right?
A Yeah.
Q You weren't interested in finding out what that was?
A But they submitted me plans that they would convert it over to office.
Q We'll come back to the plans in a second.
I'm just trying to understand your testimony about talking to Miss Chan when you went to pick up the rent.
A Yeah. I just go there --
Q You never talked to her about anything related to the building?
A No.
Q Did you ever talk to anyone else at TYT about the building?
A No. I only talked to her.
Q Did you ever talk to her aside from the phone calls about the rent check?
A No. If there was a problem or a violation, I would call her and I would tell her we have a problem.
Q What problems do you remember having where you talked to her?

D. Leong

A Violations.

I would just mail it over to her and she said she would correct them.

Q Do you remember any particular occasions when this happened?

A Oh, I don't remember.

Q Do you remember how many times, roughly, it happened?

A No, I don't.

Q Was it less than five?

A I think -- maybe more than that, I think.

Q More than ten?

A I don't think so, no.

Q Probably five to ten, you think?

A Yeah. Something like that.

MR. WILSON: I'm going to mark as Government Exhibit 3 a letter dated February 14th, 2012 to TYT East Corp. from Won & Har Realty Corp. I believe it's not signed. But your name is written, typewritten at the bottom. It says, "Dear Connie."

D. Leong

(Whereupon, the above-referenced document was marked as Government's Exhibit No. 3 for identification as of this date.)

Q Take a minute to flip.

A Okay.

Q Do you remember writing this letter?

A Yeah.

Q What was this about?

A I received these two letters from the City Department that wanted to do inspection. So I sent it to her.

Q You can look at the second page. You'll see that the first-line after the salutation, "Dear Won & Har Realty Corp." is: "This Department has received the above complaint regarding alleged illegal conditions at the referenced premises." The second letter has the same first line.

Do you remember what the condition was?

A No, I don't.

Q Do you know anything about the substance of these -- the Department of Buildings complaints?

A No. They just said that they couldn't get access. So...

D. Leong

Q So you sent the letter to Connie?

A Yes.

Q Did you have any conversation about this?

A She said she would handle it.

Q Anything else?

A No.

Q Is that what happened with the other violations as well?

A Yes.

Q Did you ever have any substantive conversation with her, when you were talking about the violations, about the violations or what was going on with the building?

A No. It was her job to fix them.

Q So you just alerted her to the fact that these had come in?

A Yeah. And she said she would fix em.

Q And that's all you remember discussing with her at any time?

A Yeah.

Q Any other -- let me just keep these all consistently together.

Any other conversations you remember having with Miss Chan?

D. Leong

A I don't.

Q Just to make sure I've got it, the only times you remember talking to Miss Chan is when you called about collecting the rent, when you went over to collect the rent, and probably five to ten times when there was a violation of some kind?

A Yeah.

Q That's it?

A Yeah.

Q And you never spoke to anyone else at TYT East at any time?

A Yeah.

Q Do you know who anyone else who works for TYT East is?

A No.

Q Even sitting here today, you don't know?

A No, I don't know who they are.

Q And again, just to be clear, I think we covered the conversations when you saw Miss Chan. We covered the one when you had the violations. When you called about collecting the rent, did you ever discuss anything except -- well, what did you discuss on those calls?

A If my rent was ready.

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D. Leong
Q That's it? You never talked about anything else?
A No.
Q Do you know any of the subtenants in the building?
A No.
Q That was not a model of clarity. So let me just ask it slightly differently.
Did you know who any of the subtenants were in the building?
A No.
Q So you don't know if you would have known the people because you have no idea who they were?
A I have no idea.
Q Did you ever speak to anyone else about the building and how it was going, what was going on there?
A No.
Q Did you ever speak to anyone about your getting your rent and how the business was going?
A No.
Q Not even anyone else affiliated with Won & Har?
A I ran Won & Har.

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D. Leong
Q Are your parents still alive?
A Only my dad.
Q I'm sorry about your mom.
Do you speak to your dad about the business at all?
A No.
Q How about your brother?
Well, you have a brother who is also a shareholder, correct?
A Yes.
Q Do you speak to him about the business?
A No.
Q Just to make sure I'm clear, they're shareholders in the company?
A Yes.
Q You haven't spoken to them about the business at all in the last six years?
A I don't usually talk to him about it. They let me run it, you know.
Q Do you mean that you don't have a particular recollection or memory of having a conversation with them or are you saying that you are sure you haven't spoken to them in six years about --
A No, I don't have any recollection I spoke

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to them about it.
Q And you generally wouldn't, you think?
A No, I don't usually talk to them about it.
Q Did you talk to them -- and this is just to try to jog your memory -- about the lease deal with TYT East?
A No.
MR. WILSON: I can press on. But if you would like five minutes to have a little water, that's fine.
MS. LUTTATI: Let's take a break.
MR. WILSON: We can go off.
(Whereupon, at 12:04 p.m. a recess was taken until 12:11 p.m.)
MR. WILSON: We can go back on.
EXAMINATION (CONT'D.)
BY MR. WILSON:
Q Now, Mr. Leong, at some point Won & Har became aware that there was illegal gambling happening in 35-37 East Broadway, right?
A I don't understand.
Q Sure.

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At some point you learned that there was gambling going on at the building, right?
A From -- July, right?
Q That's my question.
Let's start here. You did learn that at some point?
A I learned in July.
Q And that's July 2011?
A Yeah.
Q How did you learn that?
A Someone told me that the building was in the newspaper about illegal gambling.
Q Do you remember who that was?
A No, I don't.
Q What did you do when they told you that?
A I contacted my lawyers.
Q Did you look at the newspaper?
A Yeah, I got a copy.
Q And what did the newspaper say?
A I don't read Chinese. That's the only thing. So...
Q It was a Chinese language newspaper?
A It was a Chinese language newspaper.
Q Could you tell that there was in fact a

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story about it in the paper?

A I brought it up and showed it up to my lawyer's office.

Q So you brought the fact of the story to your lawyer's attention?

A Yeah.

Q What else, if anything, did you learn about gambling in the building at that time?

A That was it, you know.

Q What did you tell your lawyer to do?

A I told him to contact the Police Department.

Q Do you know if he did contact the Police Department?

A Yes, he did.

Q And what did you want him to do when he talked to the Police Department?

A To throw out the tenants, you know.

Q Can you --

A To get information so that we can process and throw out the tenant.

Q And the tenant being TYT East?

A Yes.

Q And what information did he get from

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NYPD?

A I don't know.

Q Did you try to throw TYT East out at that time?

A No. We sent a Notice to Cure to TYT.

Q And why did you do that?

A That's what my lawyer told me to do.

Q And what was -- well, what was the purpose of sending the Notice to Cure? What was your goal? Still to get rid of TYT East?

A To get rid of all the illegal activities there.

Q How was sending a Notice to Cure going to achieve that? How was it going to do it?

A I don't understand.

Q I'm just trying to understand, sir, what you did on behalf of Won & Har when you found out there was illegal gambling.

So you went to your lawyer?

A Yes.

Q And you told him to call the police?

A Yes.

Q And he called the police?

A Yes.

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Q Then you sent a Notice to Cure to TYT?

A Yes. That's what he suggest I do.

Q And why did he say you do that?

A To fix the problem.

Q How was it going to fix the problem?

A They were either going to throw them out or I would end up throwing out TYT.

Q Who was TYT going to throw out?

A The ones who did the illegal gambling.

Q How do you know who had done the illegal gambling?

A I didn't. I just showed him the newspaper article.

Q Who did he say had done the illegal gambling?

A Who? I don't understand.

Q You said that you were trying to throw out the people who had done the illegal gambling, right?

A Yeah.

Q And from someone, I guess, and tell me if I'm wrong -- withdrawn.

You learned from somebody that there were particular people responsible for the illegal gambling?

A No, I did not learn from someone. All I

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knew was from the newspaper article.

Q But you said you couldn't read the newspaper article.

A I couldn't read the newspaper article but it listed several rooms in the newspaper article.

Q So there were several rooms that you had?

A Yeah.

Q And what you were going to do -- well, you tell me. What was it you were trying to accomplish at that point?

A To get rid of the illegal activities.

Q And how were you going to do that?

A I had my lawyers do it.

Q What actions did you direct your lawyers to take?

A I told them to take whatever action is necessary.

Q To do what?

A To get rid of the illegal activities.

Q And what they came up with was this Notice to Cure?

A Yes.

Q Why didn't you start eviction proceedings against TYT East?

D. Leong
A I didn't have proof. Okay.
Q You didn't have proof of what?
A Of the illegal activities.
Q Let me make sure I understand.
The reason you didn't pursue action against TYT East then was you didn't have proof of the illegal activities?
A All I had was the newspaper article. That was all I had.
Q You never got more than the newspaper article?
A No, I never got anything more than that.
Q I thought you told me your lawyer contacted the NYPD?
A Yes, he did.
Q And what did he learn from the NYPD?
A I don't know. I had him contact them. And he just told me go with the Notice to Cure.
Q Tell me everything that you remember about what he told you about the Notice to Cure and why that was what you should do.
A He said that was our only option, to do the Notice to Cure.
Q He said that was your only option?

D. Leong
A Yeah.
Q Did he say why?
A Because we didn't have any proof. That's what he said.
Q No proof of what?
A Of illegal activity.
Q You filed an eviction procedure against TYT now, right?
A Yes.
Q Based on their illegal gambling in the building.
A Yes.
Q What proof do you have now that you didn't have then?
A We don't. We asked you for witnesses and we were denied witnesses.
Q So you have no more proof now than you did then?
A Yes.
Q But you filed to evict them?
A Yes.
Q But you didn't file to evict them then, right?
A No, I didn't file to evict them then.

D. Leong
Q So why didn't you file an action to evict them then?
A I don't know, you know.
Q Did you do anything, aside from sending this Notice to Cure, once you learned that there was gambling going on in the building?
A That was it. We sent a Notice to Cure.
Q I want to make crystal clear. You didn't do anything else, having learned about illegal gambling in the building, except send this Notice to Cure?
A Yes, that was it.
Q What happened after you sent the Notice to Cure?
A They sent us back surrenders of the lease from the tenants.
Q And those were the tenants in the rooms where there had been gambling going on?
A Yeah.
Q What did you do when you got those surrenders to the lease?
A I don't understand. What did I do?
Q What did you do having received the surrenders of the lease?
A There was nothing else I could do.

D. Leong
Q You accepted that there was no longer a problem?
A Yes.
Q Why?
A They got surrender of the lease, the tenants.
Q Did you know who those subtenants were?
A No.
Q Do you know whether they were the ones responsible for the gambling in the building?
A No, I don't.
Q Did you know whether TYT was responsible for the gambling in the building?
A No, I don't.
Q So what led you to believe that the subtenants moving out would solve the problem of illegal gambling in the building?
A We had the case in November. We had the case in November and the police accepted it.
Q We'll get to the case in November in a second. You said you got the surrenders?
A Yeah.
Q And as far as you were concerned that was it, the matter was closed?

D. Leong

A Yeah.

Q And I'm asking you why. What was the reason that you thought that was enough?

A There was nothing else I could do.

Q We've already established you could have tried to evict TYT?

A But I have no proof.

Q Sir, we may be going around in circles a little bit. Let me understand. Again, you had no proof of the illegal gambling then, right? And you just told me you have no more proof now then you did back then.

A Right.

Q But now you have an eviction pending against TYT East.

A Yes. So we're waiting for the witness. That's what we're waiting for.

Q So you agree with me that you could have filed an action to evict them back in July of 2011, right?

That was possible then as it is now, right?

A I don't know.

Q Okay. Who told you that you couldn't bring an eviction action?

D. Leong

A No one. I thought they solved it by giving me the surrenders of the lease and that would solve it.

Q Right. I understood that. My question is why did you think that?

A They got rid of the tenant.

Q Okay. And you didn't know, according to your testimony a moment ago, whether the tenants were the ones responsible for the gambling or whether TYT East was responsible, right?

A Yeah.

Q So why did you think getting rid of the subtenants would solve the problem?

Let me ask it another way. I think we've already covered that ground.

If TYT East was responsible for illegal gambling in the building then removing subtenants wouldn't stop the illegal gambling, right?

A Yes.

Q And you didn't know one way or the other whether it was TYT East or the subtenants who would have been responsible?

A Yes.

Q So as of August 2011, when you got these

D. Leong

subleases surrendered, you didn't know whether that would stop gambling from going on in the building?

MR. BERKOWITZ: 2011 or 2012?

MR. WILSON: 2011.

Q Right?

A They said they cleaned it up. That's what they told me.

Q Who told you?

A Connie, you know.

Q So you had a conversation with Connie about the gambling in the building?

A I just -- you know, I just asked her, you got to clean it up. That's all.

Q When did you talk to Connie?

A When I gave her a copy of the papers that were served.

Q Which papers? Let's start with that.

A When I saw the illegal activities, I told her, you know.

Q I don't know, sir.

July 2011 you see a newspaper.

A Yes.

Q You go to your lawyer and you talk to him.

D. Leong

A Yeah.

Q Before or after -- well, did you talk to anyone from TYT before you sent the Notice to Cure?

A What do you mean? I don't understand.

Q Did you talk to anyone who worked for TYT East before you sent them the Notice to Cure?

A I just told them that there was a newspaper article and that they have to clean that up.

Q So this is -- before sending the Notice to Cure, you had a conversation with someone.

A That was -- as soon as I got the article, I called her up.

Q You called Connie?

A Yeah.

Q What did you say to Connie?

A I just told her you have illegal gambling. You can't have that there.

Q What else did you tell her?

A That was it. I was mad.

Q You said you got illegal gambling and you can't have that there?

A No.

Q What did she say to you?

A She said she didn't know. That's all.

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D. Leong
Q What else did she say?
A That was it.
Q When did you next talk to someone from TYT East about the gambling issue?
A I didn't. You know, I just hand it over to my lawyer and that was it.
Q A couple minutes ago you told me that Connie said that they would clean it up and she told you that.
A Yes. She said she would clean it up when I told her that.
Q I want to go through this step by step again, sir, because I'm afraid that one of us is getting confused.
You had a conversation with Connie right after you saw the article?
A Yeah.
Q And you told her you got gambling, you got to clean it up.
A Yeah.
Q What did she say to you? Tell me everything you remember that she said to you at that point.
A That she would clean it up. That was it.

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Q Didn't you just tell me that she said she didn't know about it?
A I don't understand that. I'm getting confused.
Q I understand.
Why don't we take a step back. I just want you to think about everything that she told you. I don't care how trivial it seems. Everything you remember that Miss Chan said to you on this call. Take a moment. I just want you to think carefully and tell me everything you remember her saying because for a couple of times you said all she said was X but X has changed. So take a minute. Think about it for a second and then tell me everything you remember Connie Chan saying to you on that phone call.
A I just told her to clean it up and she said she would. That was it.
Q She didn't say she didn't know about it, about the gambling?
A No.
Q She said she'd clean it up?
A Yeah.
Q Did she say how?
A No.

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D. Leong
Q Anything else you remember her saying?
A No.
Q After that conversation with Miss Chan, did you have any other conversations with her about gambling in the building?
A No.
Q So the next -- withdrawn.
Did you have conversations with anyone else from TYT East about gambling in the building?
A No.
Q Then you sent a Notice to Cure and you got back the surrendered leases. And you know what, let me just --
MR. WILSON: To make life easier for everyone, I am going to mark this Government Exhibit 4.
It is an Affidavit in Opposition in Supreme Court of the State of New York, Index No. 402638/11.
It's the Affidavit in Opposition of Damon Leong. And it's got Exhibits A through D.

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(Whereupon, the above-referenced document was marked as Government's Exhibit No. 4 for identification as of this date.)
MR. BERKOWITZ: It's an Affidavit of Mr. Leong?
MR. WILSON: Correct.
MR. BERKOWITZ: Can I have the date of the Affidavit, for the record?
MR. WILSON: Sure. October 10, 2011.
Q So let me just direct your attention to Exhibit B to your Affidavit.
MR. WANG: Where is Exhibit A?
MR. WILSON: It may be missing. I think this is how it was produced to us.
Q Well, actually, if I'm going to ask anyone about Exhibit B, it should be Mr. Fong. So you can skip over to Exhibit C. Go one more page over. It's the one headed Notice to Cure.
This is the Notice to Cure you were referring to?

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A Yes.
Q Then if you'll go to D, this is a letter from TYT East Corp. dated August 25th, 2011; is that right?
A Yes.
Q Do you want to look through it?
Is this the letter that you are referring to where they sent you the surrendered leases?
A Yes.
Q This is from a Jixiong Ni? Do you see that on the first page?
A Yes.
Q Do you know who Mr. Ni is?
A No.
Q So August 25th is when you get this letter?
A Yes.
Q As of August 25th, you now had no conversation with TYT East except for that first call with Miss Chan, right?
A Yeah.
Q You said that the reasons that you thought that this letter solved the problem, resolved the issue, was because Miss Chan told you that she's cleaned

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things up, right?
A Yes.
Q And because you had these surrendered subtenant leases?
A Right.
Q Now, if TYT East was responsible for the gambling, why did either of those things, the conversation or the letter, prevent gambling from happening?
A I didn't know if they were responsible.
Q I'm trying to establish that. You didn't know one way or the other, right?
A Yeah.
Q So you didn't know if either Miss Chan telling you or the surrender of the leases would prevent the gambling, right?
A I don't understand that. You lost me.
Q If TYT East was itself involved in the gambling, would you expect Miss Chan to tell you?
A No.
Q So if they were involved and she said she'd clean it up, she could be lying, right?
A Yes.
Q And the surrender of the subtenant leases

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would only matter if the subtenants were the ones responsible, right?
A Yes.
Q If TYT itself was directing the gambling, getting rid of the subtenants wouldn't solve the problem, right?
A But I don't know if TYT was involved.
Q I understand that. You didn't know. If they were, the surrender of the leases wouldn't solve the problem, right?
A Yeah.
Q So as things stood, on August 25, 2011, after you got the surrender of the leases, you didn't know whether or not you actually solved the problem of illegal gambling in the building, right?
A Yeah.
Q Did you discuss the gambling in the building with anyone aside from Miss Chan and Mr. Fong?
A No.
Q Nobody else?
A No.
Q Not casual conversation? Nothing?
A No.
Q You personally ever talk to NYPD

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or anyone in law enforcement? Anything like that?
A The only time was at -- the original day of the raid, I went down to the Police Department.
Q Which day? Which raid? Sorry.
A The July raid. I went down there to get information from the precinct underneath the Williamsburg Bridge to find out which tenants were illegal, you know, were involved in the gambling. And that's where they gave me the number and they told me have my lawyer call them.
Q So this is on July 20th?
A I don't know the exact date.
Q Was it on the day of the raid or the day after?
A The day after.
Q So the day after the raid, you went to the precinct, the NYPD precinct?
A Yeah.
Q That's the one under the Williamsburg Bridge?
A Yeah.
Q Do you know which precinct it is?
A I don't know what number it is.
MR. BERKOWITZ: This is July

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2011?
MR. WILSON: Yes.
Q And do you remember who you spoke to there?
A No, I don't.
Q Just a guy at the desk? Was there a particular officer that came to talk to you?
A They told me to wait and there was a detective that came down to talk to me. And he gave me the number and told me I have to have my lawyer call them.
Q What did you tell him?
A That I wanted to throw them out, you know.
Q Did you tell them who you were?
A Yes.
Q You said you were the president --
A The landlord.
Q The landlord.
What did you ask him for?
A For the information on which room were involved in gambling.
Q And he gave you a number?
A Yeah.

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Q Did he say anything else to you at the time?
A No.
Q Did he give you the room numbers?
A No.
Q He gave you a phone number to call?
A Yes. For my lawyer to call. He says I can't get the information.
Q Anything else happen during that conversation?
A No. That was it.
Q You left at that point?
A Yes.
Q Did you talk to anyone else about gambling?
A No.
Q No other police officers?
A No.
Q No other people?
A No.
Q Any other lawyers aside from Mr. Fong?
A No.
Q As long as we are on the subject, beyond just the time around the July 2011 search, did you ever

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talk to anyone about gambling in the building?
A No.
Q Besides your lawyers.
A No.
Q And this one detective.
A No.
Q Take a minute and be sure. Are you sure you never spoke to anyone about it?
A Not to my memory. I don't remember.
Q And the lawyers you've spoken to about the topic of gambling in the building are Mr. Fong?
A Yes.
Q And obviously Mr. Composto and his firm?
A Yes.
Q Any other lawyers that you've spoken to about this?
A No.
Q Mr. Eng?
A Oh, yeah, Donald Eng. He's the one that's doing the tenant eviction.
Q Donald Eng, E-N-G.
There's a lot of people and I totally understand it, sir. That's why I'm asking.
Give it one second. Think again. Think

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D. Leong
if there is anyone else, lawyers, anyone else. Just take 30 seconds and think about it. And if there isn't, there isn't.
A No, not to my recollection.
Q Okay.
I think we've covered this but I'll just make sure to keep the record clear.
Aside from sending a Notice to Cure, did you do anything else at this time to try and prevent illegal gambling in the building?
A No.
Q Now, did you get any other communication of any sort from TYT East about the gambling, besides that August 25th letter?
A No.
Q They never told you anything about what they were doing to prevent gambling in the building?
A No.
Q Did you do anything between July 2011 and May 21, 2012, the day of the second -- withdrawn.
I'm going to get tangled up.
You know there was the raid in 2011, July 2011?
A Yeah.

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D. Leong

Q And you know there was another raid in May 2012?
A Yeah.
Q In-between those two, did you do anything to determine if gambling was still going on in the building?
A No.
Q Did you ever go to the building other than to collect rent?
A No.
Q Your office is at 72 Mott Street, right, Won & Har's?
A Yes.
Q How far away is that from the building?
A Three blocks.
Q Do you ever walk by it?
A I don't understand your question.
Q Sorry. That was a terrible question. I apologize. Withdrawn.
Do you ever walk by 35-37 East Broadway in your day-to-day life?
A No.
Q Never? Never go to get lunch somewhere that's the other direction on East Broadway?

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D. Leong

A No.
Q So the only time you are even in front of the building or see the building is when you go to collect rent?
A Yes.
Q Now, as you sit here today you know that there was gambling still going on in the building after July 2011, right?
A I don't understand your question.
Q Sure. July 2011 you knew there was gambling going on in the building, right?
A Yes.
Q Whatever you knew at the time, you now know there was still gambling going on in the building afterwards?
A No, I do not know.
Q You don't know?
A No.
Q You don't know now? As you are sitting here right now, do you know whether there was gambling happening in the building?
A Can you rephrase the question?
Q Sure.
Sitting here today right now --

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D. Leong

A Okay.
Q -- do you know whether there was gambling happening in the building ever?
A Well, it happened in that July raid.
Q But do you know if it ever happened after the July raid, if there was ever gambling after the July raid?
A And the May raid. And then you have the May raid.
Q So there was gambling going on in the building after July 2011? That's all I'm asking.
A I don't know. I don't know if there was gambling.
Q Again, it may be my question. I apologize.
A I don't understand.
Q Let me ask a different way.
Do you know whether there was -- you may have no personal knowledge. You have no personal knowledge about whether anyone was ever gambling in that building, period; is that right?
A Yeah.
Q So you don't know if there was gambling before July 2011 or after July 2011, right?

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A I only know after the raid.
Q Here is my confusion. Let me try to do a little better with my questions.
Was there ever gambling happening in the building, as far as you know?
A No. Only after the raid. That's when I found out.
Q At any time. As far as you know right now was there ever gambling that happened in 35-37 East Broadway?
A I only know after the raid.
Q So that's a yes. At some point there was?
A After the raid I found out.
Q Let me start again.
Mr. Leong, I'm not asking you what you knew at any particular time aside from right now. This is not about what you knew in 2011, 2012, 2010. Doesn't matter.
Sitting here right now, do you know whether gambling happened in the building ever? From 1973 to 2013, was there ever any gambling in the building, as far as you know?
A Only after the raid, you know.

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D. Leong
Q So yes, at some point there was gambling in the building?
A Only after the raid. You know, that's when I found out.
Q Sir, what I'm just trying to pin down is whether you know there was gambling in the building, period, whenever it happened.
Is there ever -- do you know whether there was ever gambling that happened in the building?
A Only after the raid I found out.
Q I don't know what that means, sir. Maybe you can explain to me a little bit better.
Tell me everything that you know about gambling that happened in the building.
A I don't know there was gambling happening in the building. Okay. Only after the raid did I find out.
Q See, those are two different things, sir.
Do you not know whether there was gambling in the building or do you know there was gambling in the building that you learned about after the raid?
A I don't understand your question.
MR. BERKOWITZ: Can I suggest a

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question?
MR. WILSON: Absolutely.
MR. BERKOWITZ: What is the basis of your knowledge that there was gambling in the building; if you have any knowledge?
THE WITNESS: The basis was only from the raid.
MS. LUTTATI: So independent of the raid, if the raid had never happened, did you ever know that there was gambling going on?
THE WITNESS: No.
BY MR. WILSON:
Q So there was gambling going on in the building and you learned about it after the raid?
A Yeah.
Q And there was gambling going on in the building after the July raid but before the May 2012 raid, right?
A No. I don't understand your question.
Q You learned, after the July 2011 raid, that there had been gambling going on in the building?
A Yeah.

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D. Leong
Q Up to July 2011; is that right?
A Yeah.
Q And you learned certainly by the May 2012 raid that there had been gambling going on in the building between July 2011 and May 2012, right?
You learned about gambling in the building after a July 2011 raid, right?
A Yes.
Q And then you learned again, after a May 2012 raid, about more gambling in the building?
A Yes.
Q And that gambling happened after July 2011 because the raid was in 2012?
A Yeah.
Q This is all I'm trying to sort out.
As of May 2012, certainly, you learned that there was gambling happening in the building after you sent your Notice to Cure.
A Yeah.
Q That's all I was trying to do.
So what do you know -- withdrawn.
Do you know anything about the gambling happening in the building?
A No.

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D. Leong
Q Fair enough. I think the point is clear. You don't have any personal -- you weren't personally observing any gambling ever --
A No.
Q -- is your testimony.
Okay. Did anyone at Won & Har, aside from you, have any knowledge about what gambling was happening at the building?
A No.
Q So you are it. Whatever you know is all that Won & Har knows?
A Yeah.
MR. WILSON: I'm going to mark as Government Exhibit 5 a photo of the front of 35-37 East Broadway. It's really the 37 East Broadway side.
(Whereupon, the above-referenced document was marked as Government's Exhibit No. 5 for identification as of this date.)
Q Take a look at that. This is 37 East Broadway, correct?

D. Leong
A Yes.
Q And you see the "Lucky U 777" sign?
A Yes.
Q Do you know what the characters are? You don't speak Chinese?
A I don't read Chinese.
Q That was a stupid question, then. So never mind. I apologize.
All right. Lucky U 777. And this is the building, right?
A Yes.
Q And you saw this sign when you went to collect rent, right?
A No.
Q You never saw this sign?
A I didn't notice it.
Q Your testimony is you went in, you never noticed the Lucky U 777 sign?
A No, I did not notice it.
Q How about the Mohegan Sun advertisement?
A No. I never look at the signs.
Q Do you know what the Mohegan Sun is?
A I think it's a casino.
Q And rather than show you some more

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photos, to be clear, your testimony is you didn't notice any sign that was ever on the building?
A No, I don't.
Q So if I showed you more photos of other signs or other time periods, you would also not recognize those signs?
A No.
Q Ever see a flyer for Lucky 777 or Lucky U 777?
A No.
Q What is -- you are looking at it now. You see that there's Lucky U 777 and a bunch of dollar signs.
A Yeah.
Q What does that mean to you, as you are looking at it now? If you had seen it -- withdrawn.
If you had seen this at the time, what would you have thought that was advertising?
A You mean as I see it now, what I would think of it?
Q Yeah. If you walked up and saw that sign today, what would you think it's advertising?
A It could be a bus service because I know there is a Lucky something bus service.

D. Leong
Q Your testimony is that, if you had noticed that sign at the time, you would have thought it was for a bus service?
A Yeah.
MR. WILSON: I'm going to mark as Exhibit 6 a photograph of a flyer that says many things but taking the bottom, It's free, get $5. Hopefully that will do for identification.
(Whereupon, the above-referenced document was marked as Government's Exhibit No. 6 for identification as of this date.)
Q Take a look and just let me know.
Just to be clear, you've never seen one of these before?
A No.
Q All right. That's fine. You can put that on the side.
Was there anything preventing you from calling Connie and asking her about what they were doing to prevent gambling in the building?
A No.

D. Leong
Q You could have called and asked her for information about who those subtenants were?
A They had a right to grant whoever they wanted to rent to.
Q Did they have a right to rent to people who were engaged in illegal activity?
A No. It's in the lease, you can't do illegal activities.
Q So you were entitled to ask her how these people came to be gambling in your building, right?
A I don't understand that.
Q You got on the phone and talked to Connie once?
A Yeah.
Q And you said you can't have this, you got to clean it up, basically?
A Yeah.
Q I know that's not your exact words. About like that?
A Yeah.
Q You could have said, who are these people and how did you let them gamble in the building, right?
A Yes.
Q You could have asked what they were going

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D. Leong
to do to stop having people gamble in the future?
A Yes. I told her to stop.
Q You could have asked questions about how this had come to happen, right?
A Yes.
Q And you could have asked questions about what they were going to do in the future, right?
A Yes.
Q And you could have gone by the building to make sure there wasn't any gambling happening?
A I don't have a right to inspect the building.
Q It's a public building, right?
A Yes.
Q You could have walked in. It's commercial. It's open, right?
A Yes.
Q There was nothing stopping you from going to -- well, certainly you went to the sixth floor, the fifth floor, the third floor and the fourth floor to collect rent, right?
A Yes.
Q And there was nothing stopping you from walking in on the first floor to see what was going on,

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D. Leong
right?
A Well, yes.
Q And you were three blocks away, right?
A Yes.
Q So it would have been pretty easy to do that at any time, right?
A Yes.
Q But you didn't do any of those things?
A No. Because I don't have a right for inspection.
Q I just want to make sure I'm not missing something.
What does it mean to have a right for inspection?
A Just to inspect the building, you know.
Q Are you saying that you didn't believe you were allowed to enter the building?
A I was allowed to enter the building. But --
Q So you could have gone into --
MS. LUTTATI: Let him finish his answer. "But -- "
Q Sorry. Please continue.
A I could enter the building. But when I

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D. Leong
did enter the building, most of the office were closed.
Q But you weren't restricted in the time that you could enter the building, right?
A No, I wasn't restricted. But I did it in the morning.
Q I understand, sir. I just want to make sure that your right to inspection doesn't mean something more complicated than I think it does. So let me lay it out.
What weren't you allowed to do under the lease that you think is relevant here?
A I don't understand that. You're confusing me.
Q I apologize. You raised the question that you didn't have a right to inspect, right?
A Yes.
Q If you had a right to inspect, what would have been different?
A The office were all closed so I wouldn't be able to enter. But I don't have that right.
Q So you didn't have the right to enter offices when they were closed?
A Yeah.
Q Any offices that were open you could

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D. Leong
enter, right, just like anyone else?
A Yeah. But they were mostly closed when I went.
Q So to take the example of the third floor, if a third floor office had its door open during business hours, you would have been able to go in, right?
A Yes.
Q And if there had been illegal gambling going on in there open to whoever wanted to walk in, you could have gone in and seen there was illegal gambling going on, right?
A Yes.
Q In retrospect, that would have been a good thing to do here, right?
A No. But I did go to the building once a month and I didn't see anything.
Q Right. You went to the building once a month in the morning to get your rent and you didn't see anything then. That's your testimony?
A Yes.
Q You never went at any time other than when you called ahead, right?
A Yeah.
Q And you never looked at any floors other

D. Leong
than the one that you were going to to meet Connie, right?
A Yes.
Q In retrospect, if you had gone at another time and checked out some of the floors, you might have seen illegal gambling happening, right?
A You might.
Q And if you had, that would have been good?
A Yes.
Q Things would have worked out better, if you had done that?
A Then I would have contacted the police.
Q Then you could have stopped the gambling happening at the time because you would have known about it, right?
A Yes.
Q That would have been -- well, withdrawn.
That wouldn't have been a burden on you, right, since you are only three blocks away?
A But I was there once a month to pick up the rent.
Q You could have gone twice a month and it wouldn't have interfered with your other business

D. Leong
activities, right?
A No.
Q It wouldn't have been unreasonable for you to walk over there three blocks away and do a spot check on the floors at, let's say, 4 o'clock once a month?
A No. I don't go there. As I said, I wake up early in the morning and I go home back early.
Q You could have done it? It wouldn't be crazy, right?
A But I would have to change my schedule around.
Q You would have had to change your schedule around?
A Yes.
Q That's all that it would have required, right?
A Yeah.
Q Now, ultimately, since the raid in 2012, you've been seeking to evict TYT East because of the gambling, right?
A Yeah.
Q There was an earlier eviction proceeding based on the nonpayment of rent also, right?

D. Leong
A Yeah.
Q But that wasn't about gambling; that was just that they weren't paying their rent?
A Yeah. That was in April.
Q So then in May you filed another one based on the gambling because of the raid?
A Yeah.
Q And that's after you had seen the forfeiture complaint in this case?
A What do you mean? I don't understand.
Q You filed the eviction action after the forfeiture action that we are here for.
A No.
Q Withdrawn.
MS. LUTTATI: After you saw it is the question.
A No. We filed it before.
Q You filed it before the forfeiture action was filed?
A Yes. We filed them the 23rd. I didn't receive the action until later.
Q So I just want to make sure I understand.
Your testimony is you had no knowledge of this forfeiture action when you filed the eviction

D. Leong
proceeding?
A Yeah.
Q And no one else from Won & Har did either?
A Yeah.
Q And neither did your counsel?
A Yeah.
Q Did you see any news coverage of the raid?
A No.
Q Didn't see anything about it in the news?
A No.
Q Didn't read anything about it in the paper?
A No. This just told me afterwards, you know.
Q How did you become aware of the May raid?
A It was just after, you know, someone told me it happened. So I just contacted my lawyer.
Q Who told you that it happened?
A I don't remember.
Q Do you remember what type of person it was? Was it a friend, family?
A No, I don't remember.

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D. Leong
Q What did they tell you?
A That it was raided, you know.
Q What else did they tell you about it?
A That was it.
Q Well, what did they say was raided?
A The building, you know.
Q And for what?
A For illegal gambling.
Q And what did they say that was found?
A They didn't say.
Q What other conversations did you have about the May 2012 search?
A I didn't have any conversation.
Q So one person came and told you that it happened?
A Yeah.
Q That's the only time you spoke to -- about it with anyone?
A Yeah.
Q How about your lawyers?
A Yeah, I talked to my lawyers. I contacted my lawyers immediately.
Q Which lawyer did you contact?
A Dean Fong.

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D. Leong
Q Did you talk to Mr. Eng?
A Yes.
Q When did you talk to Mr. Eng?
A I think Dean Fong contacted Mr. Eng.
Q And what did you -- did you give Mr. Fong any instructions?
A Yes. We started proceedings for eviction for illegal gambling.
Q And that's what you instructed him to do or that's what you did?
A That's what I -- you know. That's what we said we'd do.
Q Who proposed that you start the eviction proceedings?
A That's what I wanted to do, you know. I wanted to get them out.
Q So you talked to Mr. Fong and you said you wanted to evict TYT East?
A Yeah.
Q Why?
A For illegal gambling.
Q Why did you want to do it now as opposed to in July?
A Because I was tired of it. I didn't want

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to deal with this anymore.
Q Anyone else part of the decision-making to start the --
A No.
Q -- eviction proceeding?
Just you and Mr. Fong?
A Just me.
Q You decided -- you talked to Mr. Fong?
A Yeah.
Q Did you discuss it with anyone else?
A No.
Q Did you discuss it with Mr. Eng or just Mr. Fong talk to him?
A I think we had like a three-way conversation or something.
Q Now, in that eviction proceeding, the courts ruled in your favor, right?
A Which one?
Q Well, my -- why don't you tell me what you know about the state of the two actions.
A The one for nonpayment we won. We are waiting for the warrants to be issued.
Q So your understanding is that you won the nonpayment litigation and the gambling one as well.

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D. Leong
Withdrawn. Let's start there.
Your understanding is the eviction action you filed in April for nonpayment you've won?
A Yeah. They defaulted.
Q And where did you get that understanding, from counsel?
A Yeah.
Q You talked to Mr. Eng or you talked to Mr. Fong?
A Mr. Eng.
Q And your understanding about the gambling proceeding is that it's still going on?
A Yeah. It's on hold.
Q You say it's on hold. What's your understanding about what's happening with it?
A That they are waiting for witnesses or something.
Q If I were to show you some court documents which suggest that that's not exactly what's going on right now, is that going to help you refresh your recollection at all, help you remember, or is what you remember just definitely -- what you just told me definitely what you understand to be the situation?
A Well, I'm not sure. I don't understand.

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D. Leong

MR. WILSON: When we take a break at some point, I will think about whether that's going to make sense.

I will have to see what I actually have handy and whether it's a waste of time.

Q Let's talk about the case that you won.

You said that you think you are waiting for the warrant to be issued.

A Yes, we are waiting for the warrant to be issued.

Q And how long have you been waiting for a warrant to be issued?

A Over two months.

Q And what are you doing to get the warrant issued?

A My lawyer is handling that. He says the City is slow.

Q So your understanding is as soon as the City comes through with the warrant you are going to evict TYT East?

A Yes.

Q You are not aware of any negotiations

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D. Leong

with counsel for TYT East over paying some of the back rent?

A No. That I don't know.

Q As far as you know, you are evicting as soon as possible?

A Yes. I don't have to accept payment.

Q I understand. That's -- well, have you directed your lawyers to evict as soon as possible?

A Yeah.

Q And your understanding is the holdup is the City issuing the warrant?

A Yes.

MR. WILSON: Let's go off the record for a second.

(Whereupon, at 1:03 p.m. a recess was taken until 1:14 p.m.)

EXAMINATION (CONT'D.)

BY MR. WILSON:

Q Mr. Leong, just a couple of follow-ups to something we talked about earlier.

When you went to the TYT office to pick up your rent check -- and I know that there were different offices. So let's start with Room 605.

When you went to 605, what did it look

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D. Leong

like? What was in the office?

A Just an office.

Q Desks, computers?

A A desk, computer.

Q Whatever you can remember.

A Desk and computer and file cabinet.

Q Couch? Armchair? Anything like that?

A I don't know that.

Q All you know is the desk and the computers?

A Just typical office.

Q Did you see a surveillance camera-feed anywhere?

A No.

Q Did you see a TV?

A They have monitors, computer monitors. I know that.

Q No TV up on the wall?

A No, I didn't see that.

Q Ever see a mah-jongg table? Well, do you know what a mah-jongg table looks like?

A Yes.

Q Did you ever see a mah-jongg table in that office?

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A No.

Q Did you ever see any mah-jongg tiles in the office?

A No.

Q How about poker chips.

A No.

Q Let me show you Government Exhibit 7 which is the 2011 U.S. Income Tax Return for Won & Har Realty Corp.

(Whereupon, the above-referenced document was marked as Government's Exhibit No. 7 for identification as of this date.)

Q Now, could you just turn to page 9 of that document. Schedule K.

And this says net rental real estate income.

A Yeah.

Q Multiple family residence. Residential --

A That's a mistake by my accountant.

Q So this is just a mistake by your accountant?

D. Leong
A Yeah.
Q That just happened in 2011 or is that a mistake made in other years?
A I think it's been made in other years, if this is 2011.
Q This is 2011, yes.
So you think it's been made in other years?
A Yeah.
Q Have you filed a corrected return -- not you. Withdrawn.
Has Won & Har filed corrected returns?
A No.
Q Are you planning to file corrected returns?
A I don't know. No.
Q There are no plans right now to file corrected returns?
A No.
Q The same is true on the State returns as well; is that right? The same mistake would have been made?
A This mistake that's on there?
Q Yeah.

D. Leong
A Yeah.
Q Then I won't go through it.
Sir, do you ever gamble?
A No.
Q Have you ever gambled?
A Once in a while a long time ago. But no, I don't gamble, usually.
Q Okay. You said once in a while a long time ago.
A Yeah.
Q So when did you stop gambling?
A A long time ago. That was over 20, 30 years. Not gamble. I just went to the casino for like one day just to see it and that was it.
Q So 20, 30 years ago you went to a casino?
A Yes.
Q What casino? Atlantic City, Vegas?
A I don't know. Atlantic City. I went with my wife to see some Chinese show. They were singing there. We went to see a singing show.
Q Never been to a casino since then?
A No.
Q You don't do any other type of gambling?
A No.

D. Leong
MR. WILSON: All right. That's all I have.
Mr. Berkowitz, do you have any questions?
MR. BERKOWITZ: I just have a couple of quick questions, if I may.
EXAMINATION
BY MR. BERKOWITZ:
Q Mr. Leong, I'm sorry I was here late.
Exhibit 1, which is the lease, did you sign on behalf of Won & Har Realty? There is a signature there.
A Yeah. It's on page --
Q Twenty-four.
A Yes.
Q And was the lease physically signed at the same time and place or was it first signed by the tenant or how was it physically signed?
A Yeah, it was signed the same time and place.
Q So both you and Mr. Hua Chen were physically in a room?
A Yes.
Q Do you recall where that took place?

D. Leong
A At my lawyer's office.
Q Mr. Fong?
A Mr. Fong.
Q And have you ever heard of an individual his last name is Ni, N-I?
A No, I don't know him.
Q If you look at Exhibit 4, on Exhibit D to that was a letter dated August 25th, 2011 from TYT East signed by Jixiong Ni as Chairman of the Board of TYT.
Do you see that? It's Exhibit D as in David to Exhibit 4.
A Yes, I see that.
Q Had you ever seen his name prior to August 25, 2011?
A No, not to my recollection.
Q So you had never met him, Mr. Ni, before that?
A No.
Q And you didn't know who he was?
A No, I don't know who he is.
Q And you don't recall whether prior to signing the lease you or your attorney had -- did his name ever come up as being involved with TYT East?
A Not to my recollection.

D. Leong

Q Have you since come to know who Mr. Ni is since August 25th, 2011?

A Just by what papers I saw, these papers.

Q Have you seen his name or has his name come up at any time since -- it's now February 2013. So between August 25th, 2011 and today, have you ever seen or come into contact with Mr. Ni?

A No.

Q Have you seen or come into contact with any relatives of Mr. Ni as having any involvement with TYT?

A No.

Q Do you know if any of Mr. Ni's relatives had any responsibility at TYT?

A I don't know. I don't know his family.

Q Is it fair to say that your involvement with this building was that you net leased the building to TYT and basically your own involvement was to collect the rent every month?

A Yes.

MR. BERKOWITZ: I have no further questions.

EXAMINATION

BY MS. LUTTATI:

D. Leong

Q Mr. Damon, before the July 19, 2011 raid at the building, did you ever know that gambling was going on at that building?

A No.

Q And subsequent to getting the Notices to Cure issued and receiving the surrender agreements, after that period of time did you have any reason or did you know that gambling was going on at the building?

A No, I did not know that gambling was happening.

Q Up until May of 2012 when there was the raid, you did not know -- going there once a month to pick up the rent check and everything that you saw walking in, walking out, nothing made you suspicious that gambling was going on in that building?

A Yes. Nothing suspicious.

MR. WILSON: We are all set. Thank you very much.

The deposition is concluded.

(Time noted: 1:24 o'clock p.m.)

C A P T I O N

The Deposition of DAMON LEONG, taken in the matter, on the date, and at the time and place set out on the title page hereof.

It was requested that the deposition be taken by the reporter and that same be reduced to typewritten form.

The Deponent will read and sign the transcript of said deposition.

C E R T I F I C A T E

STATE OF NEW YORK_______________________________:

COUNTY/CITY OF___________________________________

Before me, this day, personally appeared DAMON LEONG, who, being duly sworn, states that the foregoing transcript of his Deposition, taken in the matter, on this date, and at the time and place set out on the title page hereof, constitutes a true and accurate transcript of said deposition.

____

DAMON LEONG

SUBSCRIBED and SWORN to before me this _________ Day of _____________, 2013, in the Jurisdiction aforesaid.

______________________ ________________

My Commission Expires Notary Public

DEPOSITION ERRATA SHEET
RE:
FILE NO.

CASE CAPTION: United States of America vs. 35-37 East Broadway
DEPONENT: DAMON LEONG
DEPOSITION DATE: February 11, 2013
To the reporter:
I have read the entire transcript of my Deposition taken in the captioned matter or the same has been read to me. I request for the following changes be entered upon the record for the reasons indicated.

I have signed my name to the Errata Sheet and the appropriate Certificate and authorize you to attach both to the original transcript.

____

SIGNATURE:________________________ DATE:_________

DAMON LEONG

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EXHIBITS

GOVERNMENT'S EXHIBIT	DESCRIPTION	PAGE
No. 1	Lease between Won & Har Realty Corp. and TYT East Corp.	15
No. 2	Invoice No. 1020 dated June 30, 2010 from Won & Har Realty Corp. to TYT East Corp.	57
No. 3	Letter dated February 14th, 2012 to TYT East Corp. from Won & Har Realty Corp.	70
No. 4	Damon Leong's Affidavit in Opposition, Supreme Court of the State of New York, Index No. 402638/11, dated October 10, 2011.	92
No. 5	Photo of front of 37 East Broadway	108
No. 6	Photograph of flyer that says, in part: It's free, get $5	111
No. 7	Won & Har Realty Corp.'s 2011 U.S. Income Tax Return	128

CERTIFICATE

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

I, MARY ELLEN RAFTERY, a Shorthand (Stenotype) Reporter and Notary Public for the State of New York, do hereby certify that the foregoing Deposition, of the witness, DAMON LEONG, taken at the time and place aforesaid, is a true and correct transcription of said Deposition.

I further certify that I am neither counsel for nor related to any party to said action, nor in any way interested in the result or outcome thereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of February, 2013.

____
MARY ELLEN RAFTERY